

**MILTON TOWNSHIP**  
**CASS COUNTY, MICHIGAN**  
**FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION**  
**March 31, 2004**

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1965, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Milton Township</b>	County <b>Cass</b>
Audit Date <b>March 31, 2004</b>	Opinion Date <b>July 23, 2004</b>	Date Accountant Report Submitted to State: <b>August 6, 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |  |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit's are excluded from the financial statements.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more if this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).  |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the over funding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).   |

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<b>X</b>		
Reports on individual federal financial assistance programs (program			<b>X</b>
Single Audit Reports (ASLGU).			<b>X</b>

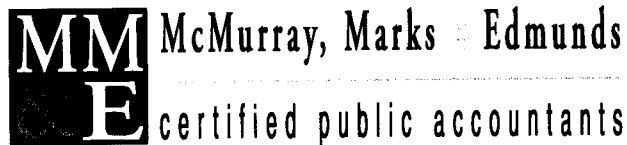
Certified Public Accountant (Firm Name) <b>McMurray, Marks &amp; Edmunds</b>			
Street Address <b>805 Van Brunt Avenue</b>	City <b>St. Joseph</b>	State <b>MI</b>	Zip <b>49085</b>
Accountant Signature <i>Michael W. Jay</i>	August 6, 2004		

**TOWNSHIP BOARD MEMBERS**

Supervisor	-	Dean Brazo
Clerk	-	Sharon Rajski
Treasurer	-	Linda DeBroka
Trustee	-	Mike Andrews
Trustee	-	Richard Gerbeth

## Contents

<b>Independent Auditor's Report</b>	1
Fund Financial Statements:	
Balance Sheet – Governmental Funds	2
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds	3
Fiduciary Fund:	
Statement of Fiduciary Net Assets	4
<b>Notes to the Financial Statements</b>	5-12
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	14-18
<b>Other Supplemental Information</b>	
Statement of Changes in Assets and Liabilities – Fiduciary Fund	20



## Independent Auditor's Report

Members of the Township Board  
Milton Township, Michigan

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of Milton Township, Michigan, as of and for the year ended March 31, 2004 as listed under the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements do not present government-wide financial statements to display the financial position and changes in financial position of its government activities, and business type activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for Milton Township's governmental activities and business type activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Milton Township, Michigan, as of March 31, 2004, and the results of its operations.

The accompanying financial statements also do not include a Management's Discussion and Analysis, which would present an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Milton Townships basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*McMurray, Marks & Edmunds*

McMurray, Marks & Edmunds  
St. Joseph, Michigan  
July 23, 2004

**MILTON TOWNSHIP****BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2004**

	<u>General</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 390,431
Certificates of deposit	392,781
Receivables:	
Trade	7,978
Taxes-delinquent	5,299
Due from other funds	80,246
<b>Total assets</b>	<u><u>\$ 876,735</u></u>
<b>Liabilities</b>	
Accounts payable and other	\$ 10,460
Unearned rent	102
<b>Total liabilities</b>	<u><u>\$ 10,562</u></u>
<b>Fund Balance</b>	
Undesignated	<u>\$ 866,173</u>
<b>Total fund balance</b>	<u><u>\$ 866,173</u></u>
<b>Total liabilities and fund balance</b>	<u><u>\$ 876,735</u></u>

*See accompanying notes to the financial statements.*

**MILTON TOWNSHIP****STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
MARCH 31, 2004**

	<u>General</u>
<b>Revenues</b>	
Taxes	\$ 93,511
Licenses and permits	94,454
State shared revenues	183,880
Interest income	11,791
Other revenues	76,303
<b>Total revenues</b>	<u>\$ 459,939</u>
<b>Expenditures</b>	
Legislative	\$ 72,327
General government	70,811
Public safety	136,161
Public works	58,929
Recreational and culture	-
<b>Total expenditures</b>	<u>\$ 338,228</u>
<b>Excess of revenues over expenditures</b>	\$ 121,711
<b>Fund balance-beginning of year</b>	<u>744,462</u>
<b>Fund balance-end of year</b>	<u><u>\$ 866,173</u></u>

*See accompanying notes to the financial statements.*

**MILTON TOWNSHIP**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
MARCH 31, 2004

	Agency Fund
	<u>Property Tax</u>
<b>Assets:</b>	
Cash and cash equivalents	<u>\$ 118,247</u>
<b>Liabilities:</b>	
Due to other funds	\$ 80,246
Due to other governments and schools	38,001
	<u>\$ 118,247</u>

*See accompanying notes to the financial statements.*



**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Milton Township (the "Township") complies with United States Generally Accepted Accounting Principles ("GAAP"). The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**Reporting Entity**

The Township is governed by an elected five-member Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board ("GASB") for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

**Government Wide and Fund Financial Statements**

The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township financial statements do not present government wide statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**Government-Wide Statements** — The government-wide financial statements, if presented, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

**Fund Based Statements** — Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, state shared revenues, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government. The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

The Township reports the following major governmental funds:

**Major Funds**

**The General Fund** is the Township's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

**Other Funds** — Additionally, the government reports the following other types of funds:

**Fiduciary Funds** are used to account for assets held by the Township in a trustee capacity or as an agent. Fiduciary Fund net assets and results of operations are not included in the government-wide statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Township presently maintains a tax fund to record receipts and disbursements of monies for property tax collections.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments** — Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired.

**Receivables and Payables** — In general, outstanding balances between funds are reported as “due to/from other funds”. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “operating transfers to/from other funds.”

Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. For Milton Township taxpayers, properties are assessed as of December 31 and the related property taxes are levied and become a lien on March 1. The final collection date is February 28, after which uncollected taxes are added to the Cass County delinquent tax rolls.

The State of Michigan utilizes both constitutional and statutory payments for revenue sharing amounts based on a formula using taxable value and population factors within the Township.

**Prepaid Items** — certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** — Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. The amount of infrastructure assets that should have been capitalized is not determinable.

**Compensated Absences** — The Township’s policy is to grant approval for vacation, sick or personal leave on an as requested basis, and it does not allow any time to accumulate or accrue; therefore, no liability has been recorded in the financial statements.

**Long-Term Obligations** — in the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Government-wide statements are not presented.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**Fund Balance** — in the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data** — Comparative data is not included in the government's financial statements.

**Estimates** — the preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Accounting Change** — Effective April 1, 2003, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* ("GASB 34"). Changes to the Township's financial statements as a result of GASB 34 do not reflect the following:

A Management's Discussion and Analysis ("MD&A") section providing analysis of the Township's overall financial position and results of operations has not been included.

Government-wide financial statements (Statement of Net Assets and Statement of Activities) prepared using full accrual accounting for all of the Township Government's activities have not been provided.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information** — Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general fund. All annual appropriations lapse at year end.

Each fund's appropriated budget is prepared on a line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review by the Township Board. Within these control levels, management may transfer appropriations without Board approval. There were no amendments made to the budget during the fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year. There were no encumbrances at year end.

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONCLUDED)**

**Excess of Expenditures Over Appropriations in Budgeted Funds** — The Township did not have significant expenditure budget variances.

**NOTE 3. PROPERTY TAXES AND PROPERTY TAX CALENDAR**

Property taxes are accrued when levied. The Township assesses and collects property taxes for the Township, State of Michigan, the school districts of Edwardsburg, Niles and Brandywine as well as Cass County. These units are paid their proportionate share of tax monies as collections are made.

**Revenue Recognition** — The Township recognizes the December 1 property tax levy in the same fiscal year. The County of Cass, Michigan purchases all delinquent real property taxes and usually remits payment within in the normal 60 day period from its revolving fund. Uncollected personal property taxes are negligible.

**Tax Levy Dates and Applicable Budget Years** — The Township has a fiscal year ending March 31. December 1 of each year is the tax levy date. The tax levy of December 1, 2003 is for the year ending March 31, 2004.

**Due Date** — Uncollected property taxes become delinquent and attach as an enforceable lien on the related property as of March 1, of the following year.

**Millage Rates** — the following represents the taxable valuation and mileage rates for the Township at December 1, 2003:

Taxable Valuation	Millage Rate	
	General	Ambulance
78,368,806	0.8301	*

\* The Township does not have a millage for ambulance services, but charges a fee of \$20 per household.

**NOTE 4. EMPLOYEE RETIREMENT PLAN**

The Township provides pension benefits for all of its elected officials and other employees of the Township through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Township contributes 6.2% of a participant's compensation, with the employee making a mandatory after-tax matching contribution of an additional 6.2%. In addition to the mandatory contributions, employees may make additional voluntary after-tax contributions ranging from 1% to 10% of the participant's compensation.

The Township's required contribution for the fiscal year-end March 31, 2004 was \$3,659.

**NOTE 5. DEPOSITS AND INVESTMENTS**

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Funds	Fiduciary Funds	Total Primary Government
Cash and cash equivalents	\$ 390,431	\$ 118,247	\$ 508,678
Certificates of deposit	392,781	-	392,781
	<u>\$ 783,212</u>	<u>\$ 118,247</u>	<u>\$ 901,459</u>

The breakdown of deposits for the Township is as follows:

Deposits (checking and savings accounts)	\$ 508,678
Certificate of deposits	392,781
Petty cash and cash on hand	-
	<u>\$ 901,459</u>

The deposits of the Township were reflected in the accounts of the Financial Institution at \$1,331,372, of which \$404,605 is covered by federal depository insurance. State statutes and the Township's investment policy authorize the government to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan; the government is allowed to invest in U.S. Treasury or Agency obligation, U.S. Government repurchases agreements, bankers' acceptances, commercial paper rated prime at the time of purchases which mature not more than 270 days after the date of purchases, mutual funds and investment pools that are composed of authorized investment vehicles. The Township's deposits are in accordance with statutory authority.

**NOTE 6. RENT AGREEMENT**

The Township entered into a 99-year lease with the Cass County Road Commission (the "Commission") for \$1 a year. The Commission utilizes Township property to build a garage for road machinery and equipment. The full amount has been received by the Township and will be deferred until earned. The rent income for March 31, 2004 was \$1.

**NOTE 7. INTER-FUND RECEIVABLES AND PAYABLES**

A summary of inter-fund receivables and payables of the Township for the year ended March 31, 2004 follows:

**Due To/From Other Funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Fiduciary Fund	\$ 80,246

The inter-fund receivables and payables relate to the collection of property taxes within the fiduciary fund on behalf of the Township and need to be remitted to the respective government fund.

**NOTE 8. RECEIVABLES AND PAYABLES**

Receivables as of year-end for the Township's individual major funds, non-major funds, proprietary funds and fiduciary funds in the aggregate, including any allowance for uncollectible amounts are as follows:

	General Fund	Total
Receivables:		
Delinquent Taxes	\$ 5,299	\$ 5,299
Trade	7,978	7,978
	<u>\$ 13,277</u>	<u>\$ 13,277</u>

	General Fund	Total
Payables		
Trade	\$ 10,460	\$ 10,460
	<u>\$ 10,460</u>	<u>\$ 10,460</u>

**NOTE 9. POST EMPLOYMENT BENEFITS**

The Township does not provide post employment benefits for any of its employees.

**NOTE 10. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Township obtains general liability insurance to cover those risks at a cost it considers to be economically justifiable.

The Township also carries commercial insurance for all other risks of loss, including workers' compensation, employee health and accident insurance, and errors and omissions. Settled claims, if any, resulting from these risks have not exceeded commercial insurance coverage.

**NOTE 11. SCHEDULE OF REVENUES AND EXPENDITURES FOR CONSTRUCTION ENFORCING AGENCIES**

The Township charges fees for the inspection of electrical permits. These fees charged are not intended to recover the full cost of the enforcing agency and the related revenues and costs are tracked within the general fund. Pursuant to public Act 245 of 1999, the following schedule shows the breakdown of the related revenues and expenditures:

	<b><u>For the Year Ended 3/31/2004</u></b>
<b>Revenues</b>	
Fee charges	\$ 94,454
<b>Expenditures</b>	
Salaries and taxes	(42,811)
Indirect expenses and other	(15,000)
Transportation	(560)
<b>Revenues over Expenditures</b>	<b><u>\$ 36,083</u></b>



**REQUIRED SUPPLEMENTAL  
INFORMATION**

**MILTON TOWNSHIP****REQUIRED SUPPLEMENTARY SCHEDULE  
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND  
MARCH 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Taxes, net of adjustments:</b>			
Current	\$ 60,939	\$ 60,939	\$ 65,611
Delinquent	3,800	3,800	5,997
IFT's	981	981	983
Ambulance fees	18,940	18,940	20,920
	<u>\$ 84,660</u>	<u>\$ 84,660</u>	<u>\$ 93,511</u>
 <b>Licenses and permits:</b>			
Building permits	\$ 20,000	\$ 20,000	\$ 65,388
Electrical permits	12,000	12,000	12,829
Mechanical permits	12,000	12,000	11,115
Plumbing permits	-	-	5,122
	<u>\$ 44,000</u>	<u>\$ 44,000</u>	<u>\$ 94,454</u>
 <b>State Shared Revenues</b>	<u>\$ 186,724</u>	<u>\$ 186,724</u>	<u>\$ 183,880</u>
 <b>Interest Income</b>	<u>\$ 6,855</u>	<u>\$ 6,855</u>	<u>\$ 11,791</u>
 <b>Other Revenues:</b>			
Administrative fee and other revenue	\$ 9,251	\$ 9,251	\$ 4,405
Land split fees	-	-	3,350
Zoning hearings	3,800	3,800	3,325
Cable fees	2,806	2,806	3,074
Proceeds from sale of assets	55,000	55,000	57,269
Summer tax collection reimbursement	3,800	3,800	3,890
Other income	-	-	990
	<u>\$ 74,657</u>	<u>\$ 74,657</u>	<u>\$ 76,303</u>
 <b>Total Revenues</b>	<u>\$ 396,896</u>	<u>\$ 396,896</u>	<u>\$ 459,939</u>

**MILTON TOWNSHIP****REQUIRED SUPPLEMENTARY SCHEDULE  
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND  
MARCH 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Legislative:</b>			
<i>Township Board</i>			
Trustee salaries	\$ 6,000	\$ 6,000	\$ 6,000
Secretary salaries	15,000	15,000	14,125
Per diems	1,800	1,800	1,170
Supplies and postage	6,500	6,500	6,456
Publications	800	800	-
Conferences and workshops	400	400	50
Audit	5,435	5,435	5,435
Consultant	4,635	4,635	4,635
Membership and dues	2,000	2,000	1,531
Computer and software	1,000	1,000	1
Payroll taxes	7,500	7,500	5,965
Pension	5,550	5,550	3,659
Legal fees	15,000	15,000	9,869
Telephone	3,000	3,000	1,976
Transportation	750	750	374
Meals and lodging	500	500	43
Public notices	500	500	152
Insurance	9,400	9,400	9,355
Equipment maintenance/rental	4,250	4,250	1,477
Capital outlay	3,000	3,000	54
<b>Total Legislative</b>	<u>\$ 93,020</u>	<u>\$ 93,020</u>	<u>\$ 72,327</u>
<b>General Government:</b>			
<i>Supervisor</i>			
Salary	\$ 9,300	\$ 9,300	\$ 9,300
Deputy supervisor salary	1,000	1,000	-
Court wages	-	-	693
Supplies and postage	750	750	43
Publications	250	250	-
Conferences and workshops	1,000	1,000	-
Membership and dues	250	250	-
Computer and software	1,000	1,000	-
Transportation	450	450	36
Meals/Miscellaneous	350	350	47
	<u>\$ 14,350</u>	<u>\$ 14,350</u>	<u>\$ 10,119</u>

**MILTON TOWNSHIP****REQUIRED SUPPLEMENTARY SCHEDULE  
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND  
MARCH 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>General Government, continued:</b>			
<i>Assessor</i>			
Contracted services	\$ 11,000	\$ 11,000	\$ 11,009
Splits	<u>2,200</u>	<u>2,200</u>	<u>1,625</u>
	<u>\$ 13,200</u>	<u>\$ 13,200</u>	<u>\$ 12,634</u>
 <i>Elections</i>			
Wages and per diems	\$ 1,700	\$ 1,700	\$ -
Supplies and postage	600	600	173
Conferences and workshops	500	500	-
Transportation	100	100	-
Miscellaneous	200	200	-
Forms and letters	150	150	-
Equipment maintenance	700	700	-
Capital outlay	<u>500</u>	<u>500</u>	<u>-</u>
	<u>\$ 4,450</u>	<u>\$ 4,450</u>	<u>\$ 173</u>
 <i>Clerk</i>			
Clerk salary	\$ 9,300	\$ 9,300	\$ 9,363
Deputy clerk salary	1,200	1,200	310
Supplies and postage	600	600	337
Conference and workshops	350	350	15
Computer and software	500	500	-
Transportation	950	950	579
Meals and lodging	200	200	13
Public notices	450	450	194
Forms and letters	100	100	-
Capital outlay	<u>500</u>	<u>500</u>	<u>-</u>
	<u>\$ 14,150</u>	<u>\$ 14,150</u>	<u>\$ 10,811</u>
 <i>Board of Review</i>			
Per diems	\$ 1,200	\$ 1,200	\$ 998
Publications	100	100	-
Conference and workshops	300	300	-
Transportation	200	200	-
Meals and lodging	100	100	10
Public notices	<u>50</u>	<u>50</u>	<u>26</u>
	<u>\$ 1,950</u>	<u>\$ 1,950</u>	<u>\$ 1,034</u>

**MILTON TOWNSHIP****REQUIRED SUPPLEMENTARY SCHEDULE  
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND  
MARCH 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<i>Treasurer</i>			
Treasurer salary	\$ 13,300	\$ 13,300	\$ 13,300
Deputy treasurer salary	2,550	2,550	2,541
Supplies and postage	600	600	590
Conference and workshops	400	400	-
Computer and software	500	500	-
Tax roll maintenance	4,500	4,500	4,311
Transportation	800	800	762
Public notices	50	50	-
Forms and letters	50	50	-
Insurance bond	600	600	-
Equipment rental	40	40	26
	<u>\$ 23,390</u>	<u>\$ 23,390</u>	<u>\$ 21,530</u>
<i>Building and grounds</i>			
Supplies and postage	\$ 500	\$ 500	\$ -
Electric	3,750	3,750	2,130
Heat	2,900	2,900	2,358
Maintenance-grounds:hall	2,500	2,500	706
Maintenance-grounds:cemetery	6,000	6,000	4,524
Maintenance-building:hall	2,500	2,500	1,400
Maintenance-building:cemetery	3,500	3,500	2,651
Maintenance-building:chapel	3,680	3,680	741
Snow plowing	2,500	2,500	-
	<u>\$ 27,830</u>	<u>\$ 27,830</u>	<u>\$ 14,510</u>
<b>Total General Government</b>	<u>\$ 99,320</u>	<u>\$ 99,320</u>	<u>\$ 70,811</u>

**MILTON TOWNSHIP****REQUIRED SUPPLEMENTARY SCHEDULE  
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND  
MARCH 31, 2004**

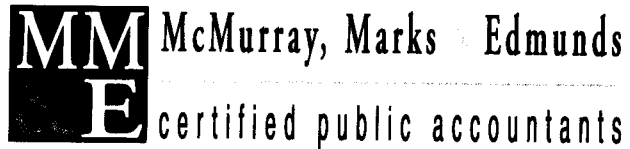
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Public Safety:</b>			
<i>Inspectors</i>			
Mechanical inspector salary	\$ 12,000	\$ 12,000	\$ 10,003
Electrical inspector salary	12,000	12,000	8,699
Building inspector salary	22,000	22,000	20,631
Plumbing inspector salary	10,000	10,000	3,478
Supplies and postage	400	400	-
Conferences and workshops	350	350	-
Memberships and dues	500	500	-
Transportation	700	700	560
	<u>\$ 57,950</u>	<u>\$ 57,950</u>	<u>\$ 43,371</u>
<i>Planning Commission</i>			
Zoning administration	\$ 8,000	\$ 8,000	\$ 6,975
Planning commission secretary	-	-	845
Planning commission per diems	5,800	5,800	3,650
Zoning board appeals per diems	1,500	1,500	1,207
Supplies and postage	750	750	740
Consultant	4,000	4,000	150
Legal services	1,500	1,500	-
Transportation	500	500	86
Miscellaneous	500	500	110
Public notices	250	250	36
	<u>\$ 22,800</u>	<u>\$ 22,800</u>	<u>\$ 13,799</u>
<i>Fire Protection</i>			
Contracted services-Edwardsburg/Niles	\$ 63,000	\$ 63,000	\$ 58,071
<i>Ambulance Protection</i>			
Contracted services	12,500	12,500	20,920
	<u>\$ 75,500</u>	<u>\$ 75,500</u>	<u>\$ 78,991</u>
<b>Total Public Safety</b>	<u>\$ 156,250</u>	<u>\$ 156,250</u>	<u>\$ 136,161</u>
<b>Public Works:</b>			
Street Lights	\$ 5,000	\$ 5,000	\$ 4,227
Roads	64,000	64,000	54,702
<b>Total Public Works</b>	<u>\$ 69,000</u>	<u>\$ 69,000</u>	<u>\$ 58,929</u>
<b>Recreation and Culture:</b>			
Parks and recreation	\$ 3,500	\$ 3,500	\$ -
Library	500	500	-
<b>Total Recreation and Culture</b>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ -</u>
<b>Total Expenditures</b>	<u>\$ 421,590</u>	<u>\$ 421,590</u>	<u>\$ 338,228</u>

**OTHER SUPPLEMENTAL  
INFORMATION**

**MILTON TOWNSHIP****STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUND  
MARCH 31, 2004**

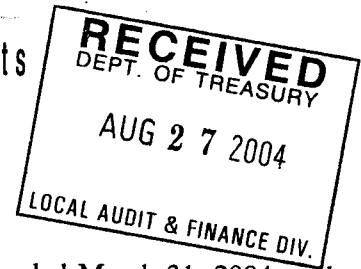
	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
<b>Assets</b>				
Cash and cash equivalents	<u>\$ 164,913</u>	<u>\$ 1,859,075</u>	<u>\$ 1,905,741</u>	<u>\$ 118,247</u>
<b>Liabilities</b>				
Due to other funds	\$ 17,494	\$ 80,246	\$ 17,494	\$ 80,246
Due to other governments and schools	<u>147,419</u>	<u>1,778,829</u>	<u>1,888,247</u>	<u>38,001</u>
	<u>\$ 164,913</u>	<u>\$ 1,859,075</u>	<u>\$ 1,905,741</u>	<u>\$ 118,247</u>





July 23, 2004

To the Trustees  
Milton Township



We have audited the financial statements of Milton Township for the year ended March 31, 2004, and have issued our report thereon dated July 23, 2004. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated May 24, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Milton Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Milton Township are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2004. We noted no transactions entered into by Milton Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Milton Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by Milton Township, either individually or in the aggregate, indicate matters that could have a significant effect on Milton Township's financial reporting process.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Milton Township's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

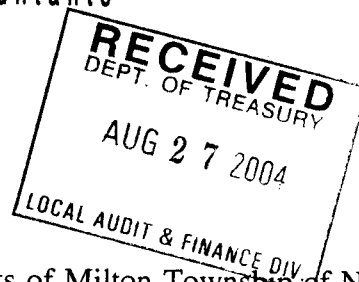
### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for use by the Township Board and management of Milton Township and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*McMurray, Marks & Edmunds*



To the Township Board  
Milton Township, Cass County, Michigan

We have recently completed the audit of the financial statements of Milton Township of Niles, Michigan for the year ended March 31, 2004. We would like to compliment the staff and management for the overall positive condition of the financial records of the Township, as well as the related supporting documentation. In connection with our audit, we offer the following comments and recommendations:

**State Shared Revenue Budgeting**

Municipalities in Michigan have and will continue to feel the effects of the slow down in the State's economy. State shared revenue accounted for approximately 40% of the Township's total General Fund revenue for the fiscal year ended March 31, 2004. Slower than anticipated growth in the State's sales tax collections (the sole source of revenue sharing payments to local units of government) and the State's budget problems which have resulted in additional appropriation reductions.

While it is generally acknowledged that the State's budget woes will continue for several more years, we urge the Township to be conservative in its estimation of state shared revenue as this line item in the State's budget remains vulnerable.

**Separate Fund Established for Construction Permit Fees**

During the course of our audit, we noted the Township is charging construction fees that are not bearing a reasonable relation to the costs involved, including overhead, and being accounted for in the general fund. Public Act of 245 of 1999 requires that when the enforcing agency, the "Township", intends to collect fees in excess of the related costs, a separate fund should be established to receive the funds and pay the related costs. We recommend that a special revenue fund be established for the building, electrical, mechanical, and plumbing permit fees as they continue to be a profitable endeavor for the Township and should be accounted for separately.

**Sales Tax Exempt Certificate Should be Given to All Vendors**

We noted that some vendors are still charging sales tax to the Township on their invoices, (i.e. phone companies, utilities, postage leasing, etc...). We recommend that the Township provide their blanket sales tax exempt certificate to all vendors to ensure that they are being appropriately charged and develop a procedure that any new vendors receive this prior to invoicing occurs.

**Documentation of Expense Reimbursements**

During our review of expense reimbursements, we noticed that submitted documentation lacked details regarding the business purpose for the expense. It appeared that the documentation was being properly reviewed and approved, but the business purpose was not clearly stated. The expense reimbursement form should document the who, what, where, when and why of the expense.

### Electronic Transfers

There was a new bill passed and signed on December 31, 2002 (PA 738) that requires all local units of government to approve a resolution authorizing payments of "automated clearing house (ACH) transactions". Beginning immediately, a local unit's governing body must adopt a policy on ACH arrangement that includes all of the following:

- Designation of an individual as the party responsible for payment approval, accounting, reporting and compliance with the ACH policy;
- A statement that this individual is required to submit documentation as follows: describe the goods or services purchased, the cost, date of payment, and the department benefiting from the purchase;
- A system of internal controls to monitor the use of ACH transactions; and
- The approval of ACH invoices before payment.

We would be happy to discuss these recommendations and comments with you at your convenience. We would also like to express our appreciation for the courtesy and cooperation extended to us during the engagement.

This report is intended solely for the information and use of the Township Board, management, and others within the Township.

*McMurray, Marks & Edmunds*

McMurray, Marks & Edmunds  
St. Joseph, Michigan  
July 23, 2004